



DELIVERING  
ON OUR  
COMMITMENTS



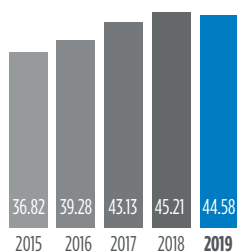
## FIVE YEAR HIGHLIGHTS

(\$ millions, except per share data or otherwise noted)

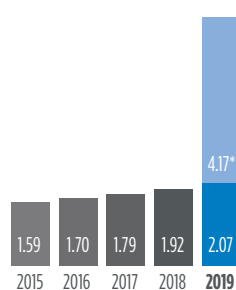
	2019	2018	2017	2016	2015
<b>Financial results</b>					
Premiums written	701	639	663	760	809
Premiums earned	679	680	676	638	586
Net operating income	466	475	467	388	375
Net income	426	452	528	417	398
Total assets	6,820	6,889	6,924	6,612	6,239
Total shareholders' equity	3,868	3,990	3,961	3,649	3,420
<b>Other financial measures</b>					
Loss ratio	17%	15%	10%	22%	21%
Expense ratio	20%	19%	20%	19%	18%
Combined ratio	37%	34%	30%	41%	39%
Minimum Capital Test ratio <sup>1</sup>	170%	172%	172%	245%	234%
Operating return on equity	12%	12%	13%	11%	12%
<b>Per share data</b>					
Book value per share (diluted, incl. AOCI)	44.58	45.21	43.13	39.28	36.82
Operating earnings per share (diluted)	5.38	5.27	5.09	4.23	4.05
Dividends	2.07	1.92	1.79	1.7	1.59

<sup>1</sup> Effective January 1, 2017, the 2016 holding target MCT ratio of 220% was recalibrated to the OSFI Supervisory MCT ratio target of 150% and the minimum MCT ratio under PRMHIA was reduced to 150%. Effective January 1, 2019, the MCT ratio was replaced with the MICAT ratio. The OSFI supervisory MICAT target ratio and minimum MICAT ratio under PRMHIA for 2019 remains at 150%.

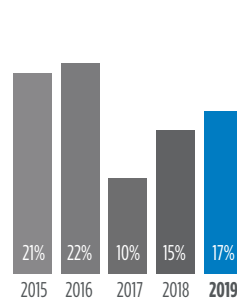
**Book value per share (\$)**  
(diluted, incl. AOCI)



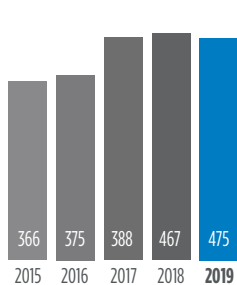
**Dividends per share (\$)**



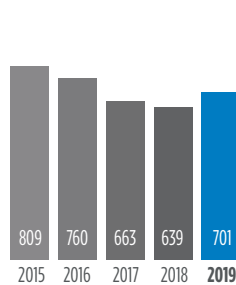
**Loss ratio (%)**



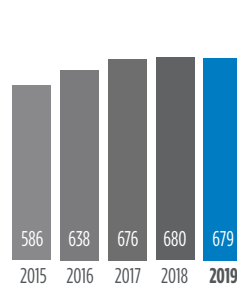
**Net operating income (\$M)**



**Premiums written (\$M)**



**Premiums earned (\$M)**



# Welcome to Canada's Largest Private Mortgage Insurer

Genworth MI Canada Inc. (TSX: MIC) through its subsidiary, Genworth Financial Mortgage Insurance Company Canada (“Genworth Canada”), is the largest private sector residential mortgage insurer in Canada.

We play a key role in helping to shape the Canadian housing market and have done so for almost two decades by providing mortgage default insurance to Canadian residential mortgage lenders along with thought leadership, industry education and market research to support the safety and soundness of the mortgage finance system.

Our experienced team of account managers and underwriters strives to give each lending institution the highest level of service. The work we do together with our customers makes homeownership more accessible to first-time homebuyers across the country.

Please visit [www.genworth.ca](http://www.genworth.ca) to learn more.





Stuart Levings  
President & Chief Executive Officer

## Message from Stuart Levings

Dear Fellow Shareholders,

In this letter, I will comment on some key financial highlights from our 2019 results, before discussing our assessment of the current environment and the factors shaping our outlook for the remainder of the year. Clearly, the environment has changed significantly since the start of the year in the face of the COVID-19 pandemic and resulting economic shutdown. By mid-March, our business had successfully transitioned to a remote working environment in order to protect the well-being of our employees and the Company continues to be fully operational as we serve our customers during this challenging time.

I want to take a moment to recognize and thank all the front-line workers who continue to put themselves at risk while helping so many during this time of need. I also want to commend the governments and federal regulator, for their efforts in helping to ease the impact this pandemic is having on Canadians and the Canadian economy.

### **Delivering on our commitments**

We are pleased with our 2019 results, particularly our top line momentum and the progress towards a more efficient capital structure. Overall, we delivered on our commitments, with strong underwriting performance in line with our expectations, proactive investment management and another year of strong portfolio quality.

Compared to 2018, we delivered positive changes across a number of key metrics including a:

- 10 per cent increase in net written premiums,
- 2 per cent increase in operating earnings per share, and
- 8 per cent increase in annual ordinary dividends paid to shareholders.

As part of our ongoing focus on capital efficiency, we returned a total of \$608 million dollars to shareholders during 2019 in the form of share buybacks, ordinary and special dividends. We ended the year with a MICAT ratio of 170 per cent, 5 points above the top of our targeted operating range of 160 to 165 per cent.

In 2019 we saw growth in the transactional mortgage insurance market, due in our view, to a more confident first time homebuyer and relatively improved affordability, driven by lower interest rates and strong income growth. That growth momentum continued on into the early part of this year, before slowing as a result of the social distancing measures and closure of non-essential businesses in March due to the COVID-19 pandemic.

At 17 per cent, our 2019 loss ratio came in towards the lower end of our estimated range of 15 to 25 per cent, and up 2 points from the prior year. This performance reflects the value of a high-quality, well diversified insurance portfolio in a resilient economic environment. Clearly, the economic environment is changing as a result of the COVID-19 pandemic, which will impact the level of losses on claims for our business in 2020.

We were pleased to see the completion of the acquisition by Brookfield Business Partners L.P of Genworth Financial Inc.'s 57 percent interest in the Company in December last year. We look forward to our future with our new majority shareholder, who we believe, will be of strategic benefit to our business over the coming years. I would like to take this opportunity to say thank you to the departing directors, including Brian Hurley who served as Chairman of the Board since 2009, as well as Jerome Upton, Rohit Gupta and Rajinder Singh, for their valuable guidance and insights over the past ten years.

### **Assessing the current economic environment**

It goes without saying that these are truly unprecedented times, both in terms of the scale and impact of the COVID-19 pandemic as well as the magnitude of support from central banks, governments and regulators.

The federal government has implemented several important programs to help Canadians whose income has been or are at risk of being affected by the COVID-19 pandemic. These programs include the Canada Emergency Wage Subsidy program, which provides an incentive for eligible employers to retain employees with the help of a federal wage subsidy, as well as the Canada Emergency Response Benefit, which will pay \$2000 per month for up to four months to Canadians who have lost the majority of their income. Within the mortgage industry, lenders and mortgage insurers have agreed to allow borrowers impacted by COVID-19 to defer their mortgage payments for up to 6 months.

Collectively these measures are aimed at helping to bridge Canadians impacted by the current economic shutdown to when the economy begins to recover, with the goal of reducing the severity of the impact on people and the economy. These programs have a direct impact on our business in terms of the level and duration of unemployment, and therefore the ability of borrowers to make their mortgage payments. Notwithstanding all of these measures, there is still a high level of uncertainty as to how the remainder of this year, and next will play out in terms of the health crises and its impact on the economy.

From an immediate, tactical perspective, we enacted our Business Continuity Plan earlier in March with all employees working remotely. Our customers remain complimentary of our service delivery, and we continue to make

progress on a number of important initiatives despite our remote working environment. Given the wide scale adoption of the mortgage payment deferral program, we are cross-training some of our underwriters to work in loss mitigation as we do expect the volume of delinquencies and therefore workout opportunities to increase later in the year as the mortgage payment deferrals come to an end.

Our strategy is focused on a dynamic, proactive response to the current environment while planning for a variety of potential future outcomes. This includes the development of plausible economic scenarios and stress testing our business under those scenarios in order to adjust the Company's strategies as it responds to the changing market. We take a lot of comfort in the strength of our balance sheet and the quality of our insurance inforce. This, together with our disciplined risk management and proven loss mitigation strategies, serve as important mitigants against economic pressure during times like these.

When it comes to planning for future scenarios, it is clear there are a wider range of potential outcomes for the Company in 2020, given the rapidly evolving nature and uncertainty related to the COVID-19 impact on the economy. Therefore, as noted earlier, we have developed a number of plausible economic scenarios for the path of the COVID-19 pandemic and the resulting duration of social distancing measures and non-essential business closures. For example, in one scenario we assume that new cases peak in the second quarter, followed by a gradual easing of business closures into the third quarter, allowing for a degree of economic recovery by the end of the year. This helps to mitigate some of the pressure on unemployment, which would end the year in the 8 to 10 percent range. Under this scenario, we would expect housing activity to be significantly reduced during the second quarter as weak consumer confidence and social distancing rules impact consumer behavior, followed by a pickup in activity in the second half of the year as the economic recovery gets under way. House prices do not change materially under this scenario as listings respond largely in sync with demand.

We also look at more severe scenarios, for example if the health crises continued well into the second half of the year with ongoing business closures through the end of 2020. Under this scenario, unemployment would reach a higher peak, the impact on housing markets would be more pronounced and remain that way through the end of the year. In both scenarios, unemployment rates in the oil producing regions are expected to remain more elevated due to ongoing pressure on oil prices. Based on these two scenarios and the results of our loss forecasting model, we expect our full year 2020 loss ratio range to be 25 to 40 per cent.

New business applications have declined as one would expect in this environment, however we have stabilized at approximately half of the prior year level for now. We believe market activity will improve once the non-essential business shut-downs begin to ease and economies begin to recover. Overall, we expect the high ratio mortgage market to be smaller than the prior year, which will result in lower transactional written premiums for 2020. This will be partially offset by a higher volume of portfolio insurance written premiums due to increased demand from lenders in response to the Federal government's liquidity and funding programs.

While our overall strategic priorities have not changed, some of them will be deferred in order to accommodate the more immediate need to focus on the current environment, including;

- i. Ensuring our employees remain safe, our business continues to have sufficient capital and liquidity and our business continuity plan remains operational and effective
- ii. Working with our customers, competitors and government to find the best solutions to help mitigate the impact of this pandemic on borrowers, our industry and the housing market
- iii. Frequent and clear communication to our employees, our customers, our shareholders, our board of directors and related government stakeholders.

Strategic initiatives that have not been deferred include the transition of our IT and accounting infrastructure from the US to Canada, as well as initiatives aimed at driving improved risk selection, customer experience and productivity.

The COVID-19 pandemic and economic environment continues to evolve at a rapid pace. We are however encouraged by the dialogue regarding plans for re-opening of non-essential businesses across the country, in line with our Base case scenario. We continue to monitor the key drivers for our business, and will provide updates on our assessment and outlook on a regular basis.

In summary, we believe the Company is well positioned to manage through this cycle given the capabilities and experience of our seasoned employee base, our disciplined risk management and proven loss mitigation strategies, together with our balance sheet strength and quality of insurance inforce.

#### In conclusion

I would like to thank our employees, customers, board of directors and shareholders for your ongoing commitment and support.



Stuart Levings  
President and Chief Executive Officer



**LEADERSHIP TEAM** (left to right) Philip Mayers, SVP, Chief Financial Officer; Debbie McPherson, SVP, Sales & Marketing; Stuart Levings, President and CEO; Mary-Jo Hewat, SVP, Human Resources and Facilities; Winsor Macdonell, SVP, General Counsel and Secretary; Craig Sweeney, SVP, Chief Risk Officer; Jim Spitali, SVP, Operations; Zorica (Zoe) Todorovic SVP, Chief Information Officer

# An Inside Look at Our Rebranding Process

The goal of this initiative is to **refine the purpose of the brand** and build upon its **internal strengths**.



Over the past two decades, Genworth Canada developed a business-to-business brand nation-wide that is synonymous with service excellence.

Now, under new Canadian ownership, we have the opportunity to re-imagine our brand. It's a privilege and a challenge that our team has accepted enthusiastically. We'll bring our new brand to market in late 2020 as an outward expression of who we are and what we stand for. Our brand is a valuable intangible asset, we think it's important to let our shareholders and customers know what we're doing behind the scenes to arrive at that all-important day of unveiling.

## Taking Stock

Early in 2020, we began by taking stock of our brand advantages. Through formal interviews with customers, employees and other stakeholders, we confirmed what we thought we knew – and identified previously unknown perceptions that inspired new thinking.

Universally we heard that lending institutions, both national and regional, have come to trust and rely on us for best-in-class technology and processes, prudent risk management, and a responsive, accountable culture that cares deeply about achieving results for them and for hundreds of thousands of first-time homebuyers in Canada.

We learned that we're recognized for deep and relevant thought leadership and for building strong communities as a caring company that improves financial literacy for perspective homebuyers and youth. The feedback noted our support

of affordable homeownership and active encouragement of the work of mortgage professionals and as a company who works tirelessly to improve the health of the Canadian housing market.

We're encouraged to explore new opportunities, leverage hidden talents and strengths and told unequivocally to nurture our core capabilities – the people and technologies that make us competitive. In short, we validated that our brand value extends beyond our corporate name and includes a set of intangibles that must be protected and advanced as we prepare for the journey ahead.

## Finding Meaning

Armed with this research we started phase two this spring: finding meaning and uniting around a brand promise. Brand research shows many of the world's leading companies have proven that extraordinary results can be realized when an organization embraces a brand promise.

A brand promise is not a tagline, it is our value proposition to customers and tells them what they can, and should, expect to experience in working with our company. It's the heart and soul of our brand, a purposeful statement of fact and one we can benchmark our actions and progress against in the future. We now have a working draft of our brand promise and it'll be introduced when we rename the company in the fall.

# Environmental, Social and Governance Reporting

Genworth Canada's success is built on stakeholder relationships. Everyone in the business is empowered to respond to customer needs and deliver value beyond mortgage insurance. While our value proposition extends across a wide variety of service offerings, we are also focused on important environmental, social and governance considerations.

## Environmental choices for consumers

Genworth Canada wants to help protect the environment and support consumers as they make environmentally friendly choices. Through the Genworth Canada Energy-Efficient Housing Program, home buyers purchasing an energy-efficient home or making energy saving renovations are eligible for significant premium savings when Genworth Canada mortgage insurance is obtained. In 2019, the Company rewarded homeowners purchasing energy efficient homes with over \$625,000 in premium savings.

## Social responsibility to support financial literacy

Genworth Canada believes that financial literacy is a critical life skill and actively supports financial literacy across Canada primarily through the creation and dissemination of educational content on the various stages of buying a home, such as dreaming of homeownership, financing, budgeting, house hunting and closing the deal. This is delivered in several ways, such as through social media channels, national webinars and articles and online resources to first-time homebuyers to achieve home ownership responsibly. These are designed to help improve the management of personal finances and increase financial literacy for home owners, whether they are seniors, low-income earners or new

Canadians. In addition, Genworth Canada sponsors the University of Waterloo's Accounting and Finance's Literacy Competition for high school students. Since our involvement, over 2,800 students have participated in the competition.

Our market research is important to our business. Most notable is our bi-annual First-Time Homeownership Study which offers our industry partners valuable data and insights on home buying intentions and homeownership perceptions of various segments within the housing market. We utilize this data in a variety of ways, one of which is to position Genworth Canada as thought leaders and educators on the health and state of the housing market. We also monitor the financial health of Canadians through our annual sponsorship of the Financial Fitness Study, in partnership with the Canadian Association of Credit Counselling Services who strive to help Canadians assess their financial fitness.

## Giving back through volunteerism and charitable donations

Genworth Canada's approach to charitable donations is targeted towards affordable housing, wellness and support for local charities. As a founding sponsor of Habitat's Global Village and supporter of the homebuilding grants, our programs help to build or rebuild homes in communities affected by natural disasters or underserved areas. Since 2007, Genworth Canada's Meaning of Home Contest through Habitat has raised over \$1.5 million towards helping to build decent and affordable housing.

At Genworth Canada, we thrive on a corporate culture that encourages the growth of our employees through ongoing training and learning opportunities and encourage active volunteerism in the community. We take great pride in our philanthropic contributions across Canada, from the work of our dedicated employees who take on opportunities to lead and drive volunteer activities in their own time, to employees who sit on boards for organizations across the country.

*"The partnership established between Genworth Canada and the University of Waterloo's School of Accounting and Finance provides vital support for the Financial Literacy Competition to assist in educating and promoting financial responsibility in coordination with high schools across the country. The University is grateful for Genworth's leadership and generous support to help students learn to make decisions for a healthy financial future."*

**Steve Fortin, Director, School of Accounting and Finance**





## Genworth Canada Honoured in 2020 “Women Lead Here” Rankings

The Globe and Mail’s Report on Business (ROB) recently launched Women Leader Here, a comprehensive new annual program that benchmarks the executive gender parity performance of the largest publicly-traded companies in Canada. Genworth Canada earned 2nd place among a group of companies with market capitalizations of more than \$5 billion.

As a result, we have been awarded a badge of honour symbolized by a seal that can be used on business cards, our website and social media to signal this achievement. We commend Canada’s national newspaper for raising public awareness – and like Genworth Canada – championing gender diversity. We featured eight senior female leaders who represent the company across all business lines.

To arrive at its conclusions, Globe and Mail researchers measured the ratio of female-identifying individuals at the top three executive levels at Canada’s 1,000 largest public corporations and used a proprietary scoring system that also considered stock performance, profitability and revenue growth to assign each company a score. Companies where women held fewer than 30% of overall executive roles were excluded, as were companies with only one woman-identifying executive.



### Homeowner Assistance Program (HOAP)

Since 2007, we’ve helped more than 51,000 Genworth Canada-insured homeowners across the country stay in their homes during temporary financial setbacks. Genworth Canada’s Homeowner Assistance Program, often referred to as HOAP, is dedicated to helping qualified homeowners weather short-term financial hardships without sacrificing their homeownership dreams. We understand that life happens, and temporary financial difficulties caused by job loss, marital separation, illness and other unexpected situations often arise and may put pressure on household income.

### Strong Corporate Governance

At Genworth Canada, we strive to always be transparent, act with integrity and adhere to sound corporate governance practices. The foundation of our corporate governance framework is an experienced management team and an engaged and diverse Board of Directors which bring skills and experiences in experience, risk management, mortgage lending, capital markets, investment banking, corporate and regulatory governance, actuarial, accounting, audit, operations (C-suite). Not only is the Board diverse in skills and knowledgeable on the Company’s core mortgage insurance business, it is also diverse in terms of gender.

*For more information please refer to our Public Accountability Statement on [Genworth.ca](https://www.genworth.ca).*

# Shareholder Information

## Exchange Listing

The Toronto Stock Exchange

## Common Share Trading Symbol

MIC

## Common Shares

As at December 31, 2019, there were 86,228,879 common shares (basic) outstanding.

## Registrar and Transfer Agent

AST Trust Company  
1 Toronto Street, Suite 1200  
Toronto, Ontario M5C 2V6  
Tel: 416-682-3800  
Fax: 416-643-5570  
[www.astfinancial.com/ca-en](http://www.astfinancial.com/ca-en)

All inquiries related to address changes, elimination of multiple mailings, transfer of MIC shares, dividends or other shareholder account issues should be forwarded to the offices of AST Trust Company.

## Common Share Dividend Policy

The declaration and payment of dividends and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow and other factors the Board considers relevant from time to time.

## Eligible Dividend Designation

For purposes of the dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial or territorial tax legislation, all dividends (and deemed dividends) paid by Genworth MI Canada Inc. to Canadian residents are designated as eligible dividends. Unless stated otherwise, all dividends (and deemed dividends) paid by the Company hereafter are designated as eligible dividends for the purposes of such rules.

## Information for Shareholders Outside Canada

Dividends paid to residents in countries with which Canada has bilateral tax treaties are generally subject to the 15% Canadian non-resident withholding tax. There is no Canadian tax on gains from the sale of shares (assuming ownership of less than 25%) or debt instruments of the Company owned by non-residents not carrying on business in Canada. (No government in Canada levies estate taxes or succession duties.)

## Investor Relations

Shareholders, security analysts and investment professionals should direct inquiries to:

Aaron Williams  
Vice-President, Investor Relations  
905 287 5504  
[investor@genworth.com](mailto:investor@genworth.com)

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, Genworth Financial Mortgage Insurance Company Canada.

## Website

[www.genworth.ca](http://www.genworth.ca)

## Conference Calls

The Company holds a conference call following the release of its quarterly results. These calls are archived in the Investor section of the Company's website.

## Independent Auditors

Ernst & Young LLP  
100 Adelaide Street West  
P.O. Box 1  
Toronto, Ontario M5H 0B3

Complaints about the Company's internal accounting controls or auditing matters or any other concerns may be addressed directly to the Board of Directors or the Audit Committee at:

Board of Directors  
Genworth MI Canada Inc.  
c/o Winsor Macdonell, Secretary  
2060 Winston Park Drive, Suite 300  
Oakville, Ontario L6H 5R7  
Tel: 905-287-5484

# Board of Directors Genworth MI Canada Inc.



David Nowak  
*Chair of the Board*



Sidney Horn



Andrea Bolger



Spencer Enright



Paul Forestell



Sharon Giffen



Martin Laguerre



Stuart Levings  
*President and  
Chief Executive Officer*



Neil Parkinson

## *Additional Directors of Genworth Financial Mortgage Insurance Company Canada:*



Brian Kelly



John Walker

### **Corporate Ombudsperson**

Concerns related to compliance with the law, Genworth policies or government contracting requirements may be directed to:

Genworth Ombudsperson  
2060 Winston Park Drive, Suite 300  
Oakville, Ontario L6H 5R7  
Tel: 905-287-5510  
Canada-ombudsperson@genworth.com

### **Disclosure documents**

Corporate governance, disclosure and other investor information is available online from the Investor Relations pages of the Company's website at <http://investor.genworthmicanada.ca>.

### **Cautionary statements**

The cautionary statements included in the Company's Management's Discussion and Analysis and Annual Information Form, including the "Special note regarding forward-looking statements" and the "Non-IFRS financial measures," also apply to this Annual Report and all information and documents included herein. These documents can be found at [www.sedar.com](http://www.sedar.com).

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